

LAWRENCE TOWNSHIP

Report on Audit of Financial Statements
For the Year Ended
March 31, 2006

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Lawrence Township	County Van Buren
Fiscal Year End 3/31/2006	Opinion Date 8/23/2006	Date Audit Report Submitted to State 9/18/2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

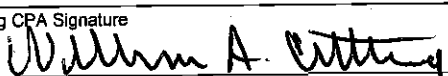
YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☒ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☒ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☒ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☒ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☒ The audit opinion is UNQUALIFIED.
13. ☐ ☒ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Cutting & Cutting, P.C.		Telephone Number (269) 657-4720	
Street Address 303 Paw Paw Street, Suite 4		City Paw Paw	State MI
		Zip 49065	
Authorizing CPA Signature 		Printed Name William A. Cutting	License Number 1938

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CUTTING & CUTTING, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CENTER BUILDING
303 PAW PAW STREET, SUITE 4
PAW PAW, MICHIGAN 49079-1434

WILLIAM A. CUTTING
BRUCE T. CUTTING

TELEPHONE
269-657-4720

August 23, 2006

Lawrence Township Board
Lawrence, Michigan 49064

We have audited the accompanying general purpose financial statements of Lawrence Township as of March 31, 2006, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of Lawrence Township management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation.

Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements for the Township's governmental activities are not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Lawrence Township, as of March 31, 2006, or the changes in its financial position for the year then ended.

Cutting & Cutting P.C.

COMBINED BALANCE SHEET-ALL FUND TYPES AND ACCOUNT GROUPS
LAWRENCE TOWNSHIP
March 31, 2006

	General	Special Revenue	Capital Protect	Trust & Agency	Account Group General Long-Term Debt	Total (Memorandum Only)
Assets						
Cash and equivalents	\$ 182,849	\$ 439,129	\$ 3,778	\$ 13,963		\$ 639,719
Taxes receivable	7,880	45,660	15,800			69,340
Other receivables	38,196	39,824				78,020
Due from other funds				16,785		16,785
Amount to be provided for retirement of long-term debt					\$ 460,483	460,483
	<u>\$ 228,925</u>	<u>\$ 524,613</u>	<u>\$ 19,578</u>	<u>\$ 30,748</u>	<u>\$ 460,483</u>	<u>\$ 1,264,347</u>
Liabilities and Fund Balance						
Accounts payable	\$ 6,016	\$ 42,621		\$ 1,215		\$ 49,852
Notes payable					\$ 460,483	460,483
Due to other funds	16,785					16,785
Accrued interest payable	3,881	14,627				18,508
Undistributed taxes and interest				12,748		12,748
Total liabilities	<u>26,682</u>	<u>57,248</u>		<u>13,963</u>	<u>460,483</u>	<u>558,376</u>
Expendable fund balance	202,243	467,365	\$ 19,578	15,425		704,611
Non-expendable fund balance				1,360		1,360
Total fund balance	<u>202,243</u>	<u>467,365</u>	<u>19,578</u>	<u>16,785</u>		<u>705,971</u>
	<u>\$ 228,925</u>	<u>\$ 524,613</u>	<u>\$ 19,578</u>	<u>\$ 30,748</u>	<u>\$ 460,483</u>	<u>\$ 1,264,347</u>

See notes to financial statements.

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN EXPENDABLE FUND BALANCES
LAWRENCE TOWNSHIP
Year ended March 31, 2006

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Project</u>	<u>Trust & Agency</u>	<u>Total (Memorandum Only)</u>
Revenues					
Taxes	\$ 96,311	\$ 382,904	\$ 127,772		\$ 606,987
Licenses and permits	10,336				10,336
Intergovernmental	163,612	112,849			276,461
Grants from local units		11,500			11,500
Charges for services	12,683				12,683
Miscellaneous	<u>12,872</u>	<u>45,337</u>	<u> </u>	\$ <u>63</u>	<u>58,272</u>
	295,814	552,590	127,772	63	976,239
Expenditures					
General government	305,470				305,470
Public safety		412,702			412,702
Public works	11,277	58,173			69,450
Community development	7,126				7,126
Debt service	<u> </u>	<u> </u>	<u>262,629</u>	<u> </u>	<u>262,629</u>
	<u>323,873</u>	<u>470,875</u>	<u>262,629</u>		<u>1,057,377</u>
Excess of revenues over expenditures	(28,059)	81,715	(134,857)	63	(81,138)
Beginning fund balance	<u>230,302</u>	<u>385,649</u>	<u>154,435</u>	<u>16,722</u>	<u>787,108</u>
Ending fund balance	\$ <u>202,243</u>	\$ <u>467,364</u>	\$ <u>19,578</u>	\$ <u>16,785</u>	\$ <u>705,970</u>

See notes to financial statements.

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--
BUDGET AND ACTUAL--GENERAL AND SPECIAL REVENUE FUNDS
LAWRENCE TOWNSHIP
Year ended March 31, 2006

	General Fund			Special Revenue Funds		
	Amended Budget	Actual	Variance Favorable (Unfavorable)	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Taxes	\$ 79,478	\$ 96,311	\$ 16,833		\$ 382,904	
Licenses and permits	5,400	10,336	4,936			
Intergovernmental	167,420	163,612	(3,808)		112,849	
Grants from Local Units					11,500	
Charges for services	10,000	12,683	2,683			
Miscellaneous	14,905	12,872	(2,033)		45,337	
	277,203	295,814	18,611	\$ 495,219	552,590	\$ 57,371
Expenditures						
General government	323,750	305,470	18,280			
Public safety					385,638	
Public works	12,000	11,277	723		85,237	
Community development	15,910	7,126	8,784			
	351,660	323,873	27,787	478,945	470,875	8,070
Excess of revenues over expenditures	\$ (74,457)	(28,059)	\$ 46,398	\$ 16,274	81,715	\$ 65,441
Beginning fund balance		230,302			385,649	
Ending fund balance		\$ 202,243			\$ 467,364	

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS LAWRENCE TOWNSHIP

Lawrence Township is a general law township in Van Buren County, Michigan. It has a population of approximately 3,341.

1. Summary of Significant Accounting Policies

The accompanying financial statements have been prepared using the modified accrual basis of accounting.

A. Reporting Entity

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision whether to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities.

Based upon the application of these criteria, the financial statements of the Township include the accounts of all Township operations. The Township's major operations include fire protection, ambulance service, planning and zoning, road maintenance, cemetery, cultural and recreational services and general administrative services. The Township has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the Township.

B. Fund Accounting

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures.

GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Project Funds

These funds are used to account for revenues and expenditures relating to specific construction projects.

FIDUCIARY FUNDS

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts and sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

D. Budgets and Budgetary Accounting

The Township prepares a budget for settlement day in March and a budget hearing is held at the annual meeting. The budget is adopted at the April meeting for that fiscal year. The budget is amended by the Township Board.

The Township exceeded the appropriated amount in various activities as shown on pages 13 and 17.

E. Total Columns on Combined Statements-Overview

Total columns on the Combined Statements-Overview are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this information.

2. Property Tax

Property taxes attach as an enforceable lien on property as of December 31. Taxes are levied on December 1. The Township bills and collects its own property taxes. Township property tax revenues are recognized when collected.

The Township is allocated one mill of the fixed allocation of the constitutional 15 mills. This year the Township levied .7012 mills for general operating, 2.75 mills for fire protection, .8 mills for the Quick Response activity, 1.4773 mills for library and .9761 mills for roads. In the summer, the Township also collects the State Education Tax.

3. Cash and Investments

State statutes authorize the Township to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States, including securities issued or guaranteed by the Government National Mortgage Association; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the three highest classifications, which mature not more than 270 days after the date of purchase, and which involve no more than 50 percent of any one fund; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Michigan law prohibits security in the form

of collateral, surety bonds, or other forms for the deposit of public money. Attorney General's Opinion No. 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan.

The Township's deposits and investments are in accordance with statutory authority.

<u>Deposits</u>	<u>Bank Carrying Amount</u>	<u>GASB Category of Risk</u>
Insured (FDIC)	\$ 215,437	(1)
Uninsured	473,338	(3)

All of the above are in checking, money market savings accounts or certificates of deposit and are carried at a book balance of \$639,719.

GASB Categories of Risk

- (1) Insured or registered
- (3) Uninsured and unregistered

4. Risk Management

In lieu of purchasing commercial insurance for the risk of losses to which is it exposed, the Township Board has chosen to participate in the Michigan Municipal Liability and Property Pool (MMLPP).

The MMLPP complies with Act 294, P.A. 1972.

MMLPP services all claims for risk of loss to which the Township is exposed, including those risks selected in the declaration sheet and specifically described in the coverage forms and endorsement schedules attached to and made part of this plan.

Under this participation contract the MMLPP provides coverage for up to a maximum of \$2,000,000 for general liability coverage, \$2,000,000 for errors and omissions, \$5,000 for crime and \$1,449,732 for inland marine/limits and \$2,601,090 for buildings and contents.

5. The installment purchase agreements are as follows:

Installment Purchase Agreement - Fire Station

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
July 1, 2006	\$ 60,000	\$ 17,855	\$ 77,855
July 1, 2007	60,000	14,284	74,284
July 1, 2008	60,000	10,713	70,713
July 1, 2009	60,000	7,142	67,142
July 1, 2010	<u>60,000</u>	<u>3,571</u>	<u>63,571</u>
	\$ <u>300,000</u>	\$ <u>53,565</u>	\$ <u>353,565</u>

6. Construction Activity

During the year 2004, the Township began levying taxes to pay for the construction of a new library facility. This Capital Project is reflected in the Library Construction Fund.

Installment Purchase Agreement - Library

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
February 26, 2007	\$ 79,043	\$ 5,617	\$ 84,660
February 26, 2008	<u>81,440</u>	<u>2,850</u>	<u>84,290</u>
	\$ <u>160,483</u>	\$ <u>8,467</u>	\$ <u>168,950</u>

7. Long-term Debt

Long-term debt at March 31, 2005	\$ 819,517
Payments	<u>359,034</u>
Long-term debt at March 31, 2006	\$ <u>460,483</u>

8. Interfund Receivables and Payable

	<u>Interfund Receivable</u>		<u>Interfund Payable</u>
Cemetery Trust	\$ <u>16,785</u>	General Fund	\$ <u>16,785</u>

COMBINING BALANCE SHEET-SPECIAL REVENUE FUNDS
LAWRENCE TOWNSHIP
March 31, 2006

	Road	Fire	Quick Response	Building Department	Housing Rehabilitation	Total
Assets						
Cash and equivalents	\$ 72,864	\$ 219,811	\$ 127,834	\$ 2,419	\$ 16,201	\$ 439,129
Taxes receivable	9,570	25,680	10,410			45,660
Accounts receivable		39,824				39,824
	<u>\$ 82,434</u>	<u>\$ 285,315</u>	<u>\$ 138,244</u>	<u>\$ 2,419</u>	<u>\$ 16,201</u>	<u>\$ 524,613</u>
Liabilities and Fund Balance						
Accounts payable		\$ 40,419	\$ 962	\$ 1,240		\$ 42,621
Accrued interest payable		8,805	5,822			14,627
Total liabilities		49,224	6,784	1,240		57,248
Fund balance	\$ 82,434	236,091	131,460	1,179	16,201	467,365
	<u>\$ 82,434</u>	<u>\$ 285,315</u>	<u>\$ 138,244</u>	<u>\$ 2,419</u>	<u>\$ 16,201</u>	<u>\$ 524,613</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-SPECIAL REVENUE FUNDS
Year ended March 31, 2006

	Road	Fire	Quick Response	Building Department	Housing Rehabilitation	Total
Revenues						
Property taxes	\$ 83,944	\$ 228,877	\$ 70,083			\$ 382,904
FEMA grant		112,849				112,849
Interest	720	3,140	3,345		\$ 446	7,651
Other		7,070	15,995	\$ 26,121		49,186
	<u>84,664</u>	<u>351,936</u>	<u>89,423</u>	<u>26,121</u>	<u>446</u>	<u>552,590</u>
Expenditures						
Operation	22,121	88,826	51,571	27,064		189,582
Capital outlay	36,052	196,188	49,053			281,293
	<u>58,173</u>	<u>285,014</u>	<u>100,624</u>	<u>27,064</u>		<u>470,875</u>
Excess of revenues over expenditures	26,491	66,922	(11,201)	(943)	446	81,715
Beginning fund balance	55,943	169,169	142,660	2,122	15,755	385,649
Ending fund balance	<u>\$ 82,434</u>	<u>\$ 236,091</u>	<u>\$ 131,459</u>	<u>\$ 1,179</u>	<u>\$ 16,201</u>	<u>\$ 467,364</u>

COMBINING BALANCE SHEET-TRUST AND AGENCY FUNDS
LAWRENCE TOWNSHIP
March 31, 2006

	Trust & <u>Agency</u>	Current <u>Tax</u>	Cemetery <u>Trust</u>	<u>Total</u>
Assets				
Cash and equivalents	\$ 205	\$ 13,758		\$ 13,963
Due from other funds			\$ 16,785	16,785
	<u>\$ 205</u>	<u>\$ 13,758</u>	<u>\$ 16,785</u>	<u>\$ 30,748</u>
Liabilities				
Deposits	\$ 200	\$ 1,015		\$ 1,215
Undistributed interest		8,583		8,583
Undistributed taxes	<u>5</u>	<u>4,160</u>		<u>4,165</u>
Total liabilities	205	13,758		13,963
Expendable fund balance			\$ 15,425	15,425
Non-expendable fund balance			<u>1,360</u>	<u>1,360</u>
	<u>\$ 205</u>	<u>\$ 13,758</u>	<u>\$ 16,785</u>	<u>\$ 30,748</u>

BALANCE SHEET
GENERAL FUND
LAWRENCE TOWNSHIP
March 31

	<u>2006</u>	<u>2005</u>
Assets		
Cash and equivalents	\$ 182,849	\$ 196,711
Taxes receivable	7,880	7,880
Due from State of Michigan	<u>38,196</u>	<u>35,350</u>
	\$ <u>228,925</u>	\$ <u>239,941</u>
Liabilities and Fund Balance		
Accounts payable	\$ 6,016	\$ 5,758
Due to other funds	16,785	
Accrued interest payable	<u>3,881</u>	<u>3,881</u>
Total liabilities	26,682	9,639
Fund balance	<u>202,243</u>	<u>230,302</u>
	\$ <u>228,925</u>	\$ <u>239,941</u>

STATEMENT OF CHANGES IN FUND BALANCE
Year ended March 31

Summary of revenues and expenditures		
Revenues	\$ 295,814	\$ 302,684
Expenditures	<u>323,873</u>	<u>289,738</u>
Excess of revenues over expenditures	(28,059)	12,946
Beginning fund balance	<u>230,302</u>	<u>217,356</u>
Ending fund balance	\$ <u>202,243</u>	\$ <u>230,302</u>

STATEMENT OF REVENUES
GENERAL FUND
LAWRENCE TOWNSHIP
Year ended March 31

		<u>2006</u>		
	Amended <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>2005</u>
Revenues				
Property taxes	\$ 55,500	\$ 61,123	\$ 5,623	\$ 55,123
Administrative fee	<u>23,978</u>	<u>35,188</u>	<u>11,210</u>	<u>31,967</u>
	79,478	96,311	16,833	87,090
Licenses and permits	5,400	10,336	4,936	11,780
State revenue sharing	167,420	163,612	(3,808)	165,601
Charges for services				
Cemetery	9,000	11,975	2,975	15,800
Miscellaneous	<u>1,000</u>	<u>708</u>	<u>(292)</u>	<u>2,999</u>
	10,000	12,683	2,683	18,799
Miscellaneous				
Interest	700	4,301	3,601	1,268
Sale of fixed assets		111	111	12,000
Other	<u>14,205</u>	<u>8,460</u>	<u>(5,745)</u>	<u>6,146</u>
	<u>14,905</u>	<u>12,872</u>	<u>(2,033)</u>	<u>19,414</u>
	\$ <u>277,203</u>	\$ <u>295,814</u>	\$ <u>18,611</u>	\$ <u>302,684</u>

STATEMENT OF EXPENDITURES
GENERAL FUND
LAWRENCE TOWNSHIP
Year ended March 31

		<u>2006</u>		
	Amended <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>2005</u>
General government				
Township Board	\$ 55,550	\$ 56,253	\$ (703)	\$ 44,438
Supervisor	15,575	15,571	4	14,130
Township Secretary	38,370	35,821	2,549	34,258
Clerk	18,485	18,326	159	17,334
Board of Review	1,760	1,590	170	1,224
Treasurer	22,600	21,284	1,316	19,966
Assessing	39,000	38,892	108	32,325
Election	8,500	1,285	7,215	8,209
Township Hall	8,400	7,234	1,166	6,107
Fire Hall	22,050	21,079	971	21,590
Cemetery	<u>93,460</u>	<u>88,135</u>	<u>5,325</u>	<u>75,135</u>
	323,750	305,470	18,280	274,716
Drains	12,000	11,277	723	
Planning	8,060	3,187	4,873	7,527
Zoning Board of Appeals	6,850	3,689	3,161	5,974
Library	<u>1,000</u>	<u>250</u>	<u>750</u>	<u>1,521</u>
	\$ <u>351,660</u>	\$ <u>323,873</u>	\$ <u>27,787</u>	\$ <u>289,738</u>

BALANCE SHEET
FIRE FUND
LAWRENCE TOWNSHIP
March 31

	<u>2006</u>	<u>2005</u>
Assets		
Cash and equivalents	\$ 219,811	\$ 158,390
Taxes receivable	25,680	25,680
Due on FEMA grant	<u>39,824</u>	<u> </u>
	<u>\$ 285,315</u>	<u>\$ 184,070</u>
 Liabilities and Fund Balance		
Accounts payable	\$ 40,419	\$ 1,538
Accrued interest payable	<u>8,805</u>	<u>13,363</u>
Total liabilities	49,224	14,901
Fund balance	<u>236,091</u>	<u>169,169</u>
	<u>\$ 285,315</u>	<u>\$ 184,070</u>

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
FIRE FUND
LAWRENCE TOWNSHIP
Year ended March 31

		<u>2006</u>	Variance Favorable (Unfavorable)	<u>2005</u>
	<u>Budget</u>	<u>Actual</u>		
Revenues				
Property taxes				
Operating		\$ 81,871		\$ 76,976
Truck		141,007		115,464
Grants from other				
FEMA		112,849		
Township		11,500		7,000
Interest		3,140		664
Other		<u>1,569</u>		<u>4,560</u>
	\$ 323,084	351,936	\$ 28,852	204,664
Expenditures				
Labor and employee				
benefits		44,525		33,785
Operating supplies		8,534		6,266
Training		1,622		1,441
Outside services		1,423		2,503
Communications		1,883		561
Insurance		6,286		10,467
Utilities		2,931		2,577
Repairs and maintenance		11,704		16,890
Building additions and				
improvements		30,000		30,000
Equipment		53,338		49,566
FEMA grant purchases		112,849		
Interest expense		8,384		18,101
Miscellaneous		<u>1,535</u>		<u>4,600</u>
	<u>307,235</u>	<u>285,014</u>	<u>22,221</u>	<u>176,757</u>
Excess of revenues over				
expenditures	\$ <u>15,849</u>	66,922	\$ <u>51,073</u>	27,907
Beginning fund balance		<u>169,169</u>		<u>141,262</u>
Ending fund balance		\$ <u>236,091</u>		\$ <u>169,169</u>

BALANCE SHEET
QUICK RESPONSE FUND
LAWRENCE TOWNSHIP
March 31

	<u>2006</u>	<u>2005</u>
Assets		
Cash and equivalents	\$ 127,834	\$ 139,542
Taxes receivable	<u>10,410</u>	<u>10,410</u>
	\$ <u>138,244</u>	\$ <u>149,952</u>
 Liabilities and Fund Balance		
Accounts payable	\$ 963	\$ 1,470
Accrued interest payable	<u>5,822</u>	<u>5,822</u>
Total liabilities	6,785	7,292
Fund balance	<u>131,459</u>	<u>142,660</u>
	\$ <u>138,244</u>	\$ <u>149,952</u>

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
QUICK RESPONSE FUND
LAWRENCE TOWNSHIP
Year ended March 31

		<u>2006</u>	Variance Favorable (Unfavorable)	<u>2005</u>
	<u>Budget</u>	<u>Actual</u>		
Revenues				
Property taxes				
Operating		\$ 54,720		\$ 64,330
Truck		15,363		18,144
Contributions		14,447		4,418
Interest		3,345		1,091
Miscellaneous		<u>1,548</u>		<u>788</u>
	\$ 90,135	89,423	\$ (712)	88,771
Expenditures				
Labor and payroll taxes		25,125		24,871
Operating supplies		3,838		3,612
Communications		806		1,464
Training and education		1,642		3,218
Insurance		2,432		6,943
Utilities		3,297		2,684
Repairs and maintenance		2,983		3,369
Equipment		28,053		1,667
Building additions and improvements		21,000		21,000
Interest		6,858		7,888
Miscellaneous		<u>4,590</u>		<u>2,463</u>
	<u>70,360</u>	<u>100,624</u>	<u>(30,264)</u>	<u>79,179</u>
Excess of revenues over expenditures	\$ <u>19,775</u>	(11,201)	\$ <u>(30,976)</u>	9,592
Beginning fund balance		<u>142,660</u>		<u>133,068</u>
Ending fund balance		\$ <u>131,459</u>		\$ <u>142,660</u>

BALANCE SHEET
LIBRARY CONSTRUCTION FUND
LAWRENCE TOWNSHIP
March 31

	<u>2006</u>	<u>2005</u>
Assets		
Cash and equivalents	\$ 3,778	\$ 138,635
Taxes receivable	<u>15,800</u>	<u>15,800</u>
	\$ <u>19,578</u>	\$ <u>154,435</u>
Liabilities and Fund Balance		
Fund balance	\$ <u>19,578</u>	\$ <u>154,435</u>

STATEMENT OF REVENUES AND EXPENDITURES
Year ended March 31

	<u>2006</u>	<u>2005</u>
Revenues		
Property taxes	\$ 126,489	\$ 120,631
Contribution from Van Buren District		
Library		68,600
Other	<u>1,283</u>	<u>414</u>
	127,772	189,645
Expenditures		
Building	1,629	496,005
Legal		2,811
Principal payment	249,034	
Interest	<u>11,966</u>	<u>5,136</u>
	<u>262,629</u>	<u>503,952</u>
Excess of revenues over expenditures	(134,857)	(314,307)
Other financing sources		
Transfer in -- Sale of notes payable	<u> </u>	<u>409,517</u>
Excess of revenues and other sources over expenditures and other uses	(134,857)	95,210
Beginning fund balance	<u>154,435</u>	<u>59,225</u>
Ending fund balance	\$ <u>19,578</u>	\$ <u>154,435</u>

CUTTING & CUTTING, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CENTER BUILDING
303 PAW PAW STREET, SUITE 4
PAW PAW, MICHIGAN 49079-1434

WILLIAM A. CUTTING
BRUCE T. CUTTING

TELEPHONE
269-657-4720

August 23, 2006

Members of the Township Board
Lawrence Township
Van Buren County, Michigan

The audit work necessary to express an opinion on the financial statements of Lawrence Township included a review of the Township's accounting procedures and the related internal controls. As a result of the review we offer comments and suggestions for your consideration.

Repeat of Prior Year Comments

Internal Controls

There is not adequate segregation of duties in the accounting function. However, because of lack of personnel, this situation is not unusual in small governmental units.

Building Department Fund

The Building Department requires a budget.

Budgets

The budget should be amended if an activity is going to spend more than the amount budgeted.

Unaudited Funds

We did not examine the internal funds of the Fire Department.

The above comments are submitted to you to develop good accounting practices and are not intended to reflect upon the performance of any Township official.

Cutting & Cutting P.C.